

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re Earth Fare, Inc., et al.,
Debtors

Reporting Period:

Case No. 20-10256
11/01/20 - 11/30/20

MONTHLY OPERATING REPORT
File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Mindy Harvey
Signature of Authorized Individual*

12/15/2020
Date

Mindy Harvey
Printed Name of Authorized Individual

Chief Financial Officer
Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

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NOTES

On February 4, 2020 (the "**Petition Date**"), Earth Fare, Inc. and EF Investment Holdings, Inc. (together, the "**Debtors**") each filed a voluntary petition with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"). The Debtors' bankruptcy filings are jointly administered under Case No. 20-10256.

The accompanying schedules MOR-1 through MOR-5 are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America ("**U.S. GAAP**") in all material respects. In addition, the financial statements and the supplemental information contained herein represent the financial information on a consolidated basis of the Debtors.

The Monthly Operating Report is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee. The unaudited financial statements have been derived from the books and records of the Debtors. The information presented herein has not been subjected to all procedures that would typically be applied to financial information presented in accordance with U.S. GAAP. Upon the application of such procedures, the financial information could be subject to changes, and these changes could be material. The information furnished in this Monthly Operating Report includes normal recurring adjustments, but does not include all of the adjustments that would typically be made for interim financial statements in accordance with U.S. GAAP.

Given the complexity of the Debtors' business, inadvertent errors, omissions or over inclusions may have occurred. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability, or executory nature of any claim amount, representation or other statement in this Monthly Operating Report and reserve the right to amend or supplement this Monthly Operating Report, if necessary, but shall be under no obligation to do so.

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	18,565,088			495,040				
RECEIPTS								
CASH SALES	-							
ACCOUNTS RECEIVABLE	-							
LOANS AND ADVANCES	-							
SALE OF ASSETS	-							
OTHER (ATTACH LIST)	18,725							
TRANSFERS (FROM DIP ACCTS)	-							
TOTAL RECEIPTS	18,725							
DISBURSEMENTS								
NET PAYROLL	35,168							
PAYROLL TAXES	-							
SALES, USE, & OTHER TAXES	-							
INVENTORY PURCHASES	-							
SECURED/ RENTAL/ LEASES	-							
INSURANCE	13,600							
ADMINISTRATIVE	40,988			545				
SELLING	-							
OTHER (ATTACH LIST)	105,000							
OWNER DRAW *	-							
TRANSFERS (TO DIP ACCTS)	-							
PROFESSIONAL FEES	8,186							
U.S. TRUSTEE QUARTERLY FEES	-							
TOTAL DISBURSEMENTS	202,942			545				
NET CASH FLOW	(184,217)			(545)				
(RECEIPTS LESS DISBURSEMENTS)								
CASH - END OF MONTH	18,380,871			494,495				
	18,380,871			494,495				

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	202,942
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	25,111
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	228,054

SCHEDULE OF OTHER FEES AND EXPENSES PAID

Payee	Period Covered	Amount Approved	Payor	Check	Amount Paid		Year-To-Date
				Number	Fees	Expenses	Fees
Debtor Professional Fees Escrow & Committee Professional Fees Escrow				wire	80,000.00		3,420,000.00
Chapman & Cutler					-		201,065.50
Director Fee	November 2020			wire	25,000.00		300,000.00
Conway McKenzie					-		90,282.50
Womble Bond Dickson					-		32,047.79

105,000.00

[illegible]

[illegible]

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STATEMENT OF OPERATIONS
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative Filing to Date
Gross Revenues	-	34,330,432
Less: Returns and Allowances	-	-
Net Revenue	-	34,330,432
COST OF GOODS SOLD		
Beginning Inventory	-	31,432,692
Add: Purchases	-	140,003
Add: Cost of Labor	-	-
Add: Other Costs (attach schedule)	-	-
Less: Ending Inventory	-	-
Cost of Goods Sold	-	31,572,695
Gross Profit	-	2,757,737
OPERATING EXPENSES		
Advertising	-	76,006
Auto and Truck Expense	-	-
Bad Debts	-	-
Contributions	-	-
Employee Benefits Programs	-	1,291,769
Insider Compensation*	32,998	536,552
Insurance	13,600	430,297
Management Fees/Bonuses	-	-
Office Expense	27,456	558,805
Pension & Profit-Sharing Plans	-	-
Repairs and Maintenance	-	3,883
Rent and Lease Expense	-	3,866,286
Salaries/Commissions/Fees	2,170	6,024,134
Supplies	-	57,041
Taxes - Payroll	-	767,944
Taxes - Real Estate	-	95,769
Taxes - Other	13,533	16,260
Travel and Entertainment	-	52,031
Utilities	-	1,871,253
Other (attach schedule)	-	754,473
Total Operating Expenses Before Depreciation	89,757	16,265,052
Depreciation/Depletion/Amortization	-	-
Net Profit (Loss) Before Other Income & Expenses	(89,757)	(13,507,315)
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)	-	9,196,287
Interest Expense	-	-
Other Expense (attach schedule)	-	-
Net Profit (Loss) Before Reorganization Items	(89,757)	(4,311,027)
REORGANIZATION ITEMS		
Professional Fees	113,186	6,088,648
U. S. Trustee Quarterly Fees	-	321,045
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	-	-
Gain (Loss) from Sale of Equipment	-	-
Other Reorganization Expenses (attach schedule)	-	-
Total Reorganization Expenses	113,186	6,338,648
Income Taxes	-	-
Net Profit (Loss)	(202,942)	(10,649,675)

*"Insider" is defined in 11 U.S.C. Section 101(31).

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STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month	Cumulative Filing to Date
Other Costs		
PACA/PASA CLAIMS	-	9,291,731
Other Operational Expenses		
Other Income		
Utility Deposit Refunds	18,345	244,437
Insurance Refunds	380	207,499
Sale of Alcohol Permit	-	94,050
Other Expenses		

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

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BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
CURRENT ASSETS		
Unrestricted Cash and Equivalents	18,875,366	11,405,448
Restricted Cash and Cash Equivalents (see continuation sheet)	-	-
Accounts Receivable (Net)	1,584,822	2,197,913
Notes Receivable	-	-
Inventories	-	31,432,692
Prepaid Expenses	1,837,577	2,056,393
Professional Retainers	-	-
Other Current Assets (attach schedule)	-	-
TOTAL CURRENT ASSETS	22,297,765	47,092,446
PROPERTY AND EQUIPMENT		
Real Property and Improvements	-	-
Machinery and Equipment	-	94,736,712
Furniture, Fixtures and Office Equipment	-	58,152,471
Leasehold Improvements	-	77,881,545
Vehicles	-	328,624
Less Accumulated Depreciation	-	(132,334,615)
TOTAL PROPERTY & EQUIPMENT	-	98,764,736
OTHER ASSETS		
Loans to Insiders*	-	-
Other Assets (attach schedule) **	-	-
TOTAL OTHER ASSETS	-	-
TOTAL ASSETS	22,297,765	145,857,182

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	-	2,348,950
Wages Payable	-	1,628,368
Notes Payable	-	-
Rent / Leases - Building/Equipment	-	2,300,000
Secured Debt / Adequate Protection Payments	-	-
Professional Fees	-	-
Amounts Due to Insiders*	-	-
Other Postpetition Liabilities (attach schedule)	-	-
TOTAL POSTPETITION LIABILITIES	-	6,277,318
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	60,250,000	60,250,000
Priority Debt	14,800,000	14,800,000
Unsecured Debt	97,848,906	115,571,794
TOTAL PRE-PETITION LIABILITIES	172,898,906	190,621,794
TOTAL LIABILITIES	172,898,906	196,899,112
OWNER EQUITY		
Capital Stock	46,000,000	46,000,000
Additional Paid-In Capital	68,465,270	68,465,270
Retained Earnings - Pre-Petition	(122,979,894)	(122,979,894)
Retained Earnings - Postpetition	(10,649,675)	-
Adjustments to Owner Equity (attach schedule)	-	-
Postpetition Contributions (Distributions) (Draws) (attach schedule)	-	-
NET OWNER EQUITY	(19,164,299)	(8,514,624)
TOTAL LIABILITIES AND OWNERS' EQUITY	153,734,607	188,384,488
	(131,436,841)	(42,527,306)

**Insider" is defined in 11 U.S.C. Section 101(31).

** The book value of "Other Assets" as of the petition date is listed as an historical estimate and is used solely for accounting purposes.

* The book values of "Other Assets" as of the petition date are listed at historical estimates and are used solely for accounting purposes.

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STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
Withholding	-		-			0
FICA-Employee	-		-			0
FICA-Employer	-		-			0
Unemployment	-		-			0
Income	-		-		-	0
Other:	-		-		-	0
Total Federal Taxes	-		-		-	0
State and Local						
Withholding	-		-			0
Sales	-		-			-
Excise	-		-			0
Unemployment	-		-			0
Real Property	-		-		-	-
Personal Property	-		-		-	-
Other:	-		-	-	-	0
Total State and Local	-		-	-	-	-
Total Taxes	-		-	-	-	-

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Current	0-30	31-60	61-90	Over 90	Total
Number of Days Past Due						
Wages Payable	-					-
Taxes Payable						-
Rent/Leases-Building		-			-	-
Rent/Leases-Equipment						-
Secured Debt/Adequate Protection Payments						-
Professional Fees						-
Amounts Due to Insiders*						-
Other:						-
Other:						-
Total Postpetition Debts	-	-	-	-	-	-

Explain how and when the Debtor intends to pay any past-due postpetition debts.

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		1,584,822
+ Amounts billed during the period		-
- Amounts collected during the period		-
Total Accounts Receivable at the end of the reporting period		1,584,822
Accounts Receivable Aging		Amount
0 - 30 days old		-
31 - 60 days old		-
61 - 90 days old		-
91+ days old		3,219,975
Total Accounts Receivable		3,219,975
Amount considered uncollectible (Bad Debt)		(1,635,153)
Accounts Receivable (Net)		1,584,822

(0)

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X